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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE FILING BY IDAHO POWER COMPANY OF ITS 2002 ELECTRIC INTEGRATED RESOURCE PLAN (IRP).	)))))	CASE NO. IPC-E-02-8 REPLY COMMENTS OF IDAHO POWER COMPANY

COMES NOW, Idaho Power Company ("Idaho Power" or "the Company"), by and through its attorney of record, and in response to the comments of the Commission Staff and other interested parties, hereby submits the following reply comments. Because the comments received addressed substantially similar subjects, these reply comments will address the comments by subject rather than focusing on the individual comments of the individual commenters.

1. GARNET POWER PURCHASE AGREEMENT.

Several commenters (Staff, p. 2-3, Idaho Rivers United, et al., p. 2) correctly identify the December 14, 2001 Power Purchase Agreement between Idaho Power and Garnet Energy LLC (Garnet PPA) as an important component of the

Company's 2002 Integrated Resource Plan (IRP) as filed. In their comments they express the concern that without the Garnet PPA, the 2002 IRP as currently filed will not accurately portray the actual resource plan the Company is likely to pursue.

Idaho Power acknowledges that the removal of the Garnet PPA from the 2002 IRP resource stack will require that the Company move expeditiously to pursue alternative resources to ensure that the Company will be able to meet its service obligations in a cost-effective manner.

The Commission has already recognized the need to consider alternative resources if the Garnet PPA cannot be pursued. In Order No. 29085 the Commission directed Idaho Power to file a report with the Commission addressing whether or not the Garnet PPA can be made viable and, if not, the options that are available to Idaho Power Company for satisfying future load requirements in the absence of the Garnet PPA (Garnet Report).

In the Garnet Report, filed contemporaneously with these reply comments, the Company presents its evaluation of several alternative resource strategies to the Commission. The Garnet Report includes an October 24, 2002 letter from Garnet Energy LLC in which Garnet Energy LLC describes the changes that would need to be made to the Garnet PPA to allow Garnet to proceed with financing and development of the generating resource that would support the Garnet PPA. The October 24 letter also presents two other proposals from Garnet Energy LLC that could allow Idaho Power to potentially reduce the cost of acquiring additional generating resources.

In the Garnet Report the Company advises the Commission that based on its initial investigation, Idaho Power has concluded that there may be other alternatives

available that would be less expensive than a revision to the PPA along the lines presented in the second proposal in Garnet's October 24 letter. The two other proposals contained in the October 24, 2002 Garnet letter may present an opportunity for the Company to reduce the cost of acquiring alternative resources. These two proposals will be considered in conjunction with the other resource acquisition strategies described in the Garnet Report.

The Garnet Report also indicates that since the RFP which led to the Garnet PPA was issued, a number of changes have occurred in the wholesale energy markets in the western United States. As a result of these changes, Idaho Power is optimistic that it will be able to replace the seasonal purchases specified in the Garnet PPA with a combination of resources including, but not limited to, seasonal wholesale firm purchase contracts and exchange contracts that will allow the Company to obtain the capacity and energy that previously would have been supplied under the Garnet PPA at prices that are equal to or less expensive than the cost of the Garnet PPA. As of the date of the filing of these reply comments, Idaho Power is actively pursuing negotiations to secure some of these resource options. The Garnet Report describes the potential resources currently under negotiation. Idaho Power has presented the Garnet Report to the Commission with the request that the Commission maintain the confidentiality of the commercially sensitive information contained in the Report for the limited period of time that it is necessary for the Company to complete its negotiations. Idaho Power will regularly update the Commission Staff on the status of the contract negotiations.

Included with these reply comments as Attachment 1 is a redacted copy of the Garnet Report.

2. CONSERVATION.

A number of commenters were critical of the fact that the IRP did not evaluate and assign specific values to potential DSM, conservation programs and new energy pricing options (i.e. time-of-use pricing, inverted rates, etc.) and use the assigned values to displace or defer the need to add new generation in the IRP. (Staff comments, p. 6-10, Idaho Rivers United, et al., p. 7-9, Jeffrey Brooks).

Idaho Power believes that using estimated conservation savings to defer or displace other resources in the IRP would be inconsistent with prior Commission orders and has the potential to short-circuit the Commission's recently approved Energy Efficiency Advisory Group (EEAG) process.

No one doubts that carefully targeted and financially responsible conservation programs can be beneficial to the utility and the utility's customers. However, throughout the myriad of Commission orders and hearings before the Commission addressing the role of conservation in resource planning, the Idaho PUC has consistently cautioned Idaho Power to realistically assess both the financial costs and the benefits of conservation. For example, in 1989, in Case No. U-1500-170, the Commission considered a proposal by Idaho Power, Utah Power and Washington Water Power that estimated conservation benefits be utilized to defer other resources for purposes of determining the utility's avoided costs. At that time Idaho Power and the other utilities proposed that the estimated capacity and energy savings from

conservation programs be included in the resource stack thereby deferring the need for new resources and reducing the Company's avoided costs. In Order No. 22636 the Commission addressed this issue as follows:

> All three of the utilities plan to use conservation as their next resource. Yet we are unaware of a single electric utility that has documented a reliable, predictable conservation resource procurement program. We applaud the Idaho electric utilities for their new-found enthusiasm for conservation. However, until there is sufficient industry experience in estimating the quantity, quality, and cost of conservation resources so that they are procurable and reliable, we will not consider them avoidable resources: You can't avoid what you can't procure. Therefore, only conservation resources actually contracted for shall be used to extend the time until load/resource balance; estimated future conservation resources shall not. Utilities are expected to contract only for reasonably confirmable conservation resources. (Order No. 22636, p. 51-52).

Over the years there has been considerable disagreement as to whether conservation should be treated as the equivalent of a generating resource or whether conservation should be reflected solely as a demonstrated reduction in load. For many years Idaho Power has prepared and filed a conservation plan with the Commission that is separate from the IRP and identifies possible conservation load reductions. A copy of the Company's annual conservation plan is included with each IRP. Under the existing conservation planning regime, the benefits of existing conservation are reflected in the IRP as reduced load forecasts. Additional estimated or projected conservation savings are not treated as resources to defer or replace future planned resources. The contribution of existing conservation programs manifest themselves in reduced loads which automatically defer the need for new resources. Conservation demonstrates its value over time based upon actual results rather than future estimates. The Company expects that the written reports generated in conjunction with the recently approved

Energy Efficiency Advisory Group process will be an integral part of the Company's annual conservation reporting process.

Substantial controversy and uncertainty developed in Idaho during the late 1990s associated with traditionally structured and funded utility conservation programs. During that time the state of Idaho struggled to define a role for utility conservation programs that was satisfactory to a broad range of customer classes and that fairly compensated the utilities for undertaking conservation.

Attachment No. 2 to these comments contains the Commission orders which chronicle the issues and the decision making process which led to the modification to the Idaho Power Company approach to traditional utility conservation programs which are the subject of some comments. The orders set out in the attachment are a part of the public record on conservation in Idaho and the decisions leading to the current level of traditional utility conservation programs should be considered within this historic context.

Recently, the Commission and Idaho Power Company have created a method to fund conservation (tariff rider) as well as an advisory group (EEAG) to insure that the Company's conservation programs are realistically assessed and conservation funds are wisely spent – to insure that Idaho Power Company "contracts only for reasonably confirmable conservation resources." (Order No. 22636 p. 52)

In response to Order No. 28922, Idaho Power Company proposed a tariff rider as a means of funding conservation or demand-side management programs. The Commission recognized in Order No. 29026 that the level of funding may not be

adequate to support some programs and the Commission will reassess the level of funding annually when the PCA rates are reviewed in May (Order No. 29026, page 21).

The responsibility of the Energy Efficiency Advisory Group is further defined on page 21 of Order No. 29026:

> We believe the Energy Efficiency Advisory Group will be a valuable resource in recommending and evaluating potential conservation programs for Idaho Power. The Commission expects that the Advisory Group will meet frequently to recommend the initial DSM programs and at least quarterly thereafter….
>
> Furthermore, Idaho Power shall consult the Energy Efficiency Advisory Group regarding the need to initiate a comprehensive DSM study of the IPC service territory relative to the priority for DSM funds to identify: (1) cost-effective DSM opportunities in each customer class; (2) estimated costs to fully fund those opportunities; and (3) opportunities for reductions in peak loads as well as reductions in total energy consumption.

Idaho Power intends to work closely with the Energy Efficiency Advisory Group to evaluate potential demand reduction and energy conservation programs. Idaho Power Company is particularly interested in the demand reduction programs mentioned in (3) in the above-quoted section of Order No. 29026. Certainly "opportunities for reductions in peak loads" due to the projected capacity constraints during times of summer peak should be the primary focus of the Company and the EEAG in the near term.

Idaho Power Company is working with the Energy Efficiency Advisory Group to identify appropriate conservation programs given the projected months of deficiency identified in the 2002 Integrated Resource Plan. The comments of the Staff, Jeffrey Brooks, and Idaho Rivers United, et al., all urge the Commission to require Idaho Power, as a part of the integrated resource planning process, to establish goals or

targets for specific conservation programs to be acquired and used to defer or eliminate the acquisition of generating resources. Staff's comments indicate that 150 aMW to 400 aMW may be a reasonable total DSM goal. Idaho Power Company does not support using conservation estimates or targets in the IRP to defer or eliminate planned future resource acquisitions.

Idaho Power believes that the proper forum for identifying and promoting new conservation programs is the EEAG process. Requiring Idaho Power to develop conservation plans within the IRP process would generally render the recently instituted Energy Efficiency Advisory Group process meaningless. The EEAG process should be given an opportunity to succeed before it is discarded and replaced by energy goals or targets developed in the IRP. To the extent that Staff, IRU and others have recommendations for DSM and energy conservation programs, the Energy Efficiency Advisory Group process provides the forum in which the conservation programs and projects should be reviewed.

3. END-USE RESEARCH

Several commenters indicate that as part of the IRP, Idaho Power should have undertaken an end-use study to identify those loads that should be targeted for implementation of DSM programs. (Staff, p. 8-9, IRU, et al., p. 5, Brooks, p. 3). Idaho Power Company disagrees that end-use studies are a critical part of the Integrated Resource Planning process. The term "end-use " is not mentioned in Idaho PUC Order No. 22299 directing utilities to submit Resource Management Reports or Integrated Resource Plans. Idaho Power has been unable to find any reference to the need for

end-use studies in either Order No. 22299 or any other Commission order approving or acknowledging prior IRP's. Idaho Power disagrees with the Staff's comment that "Idaho Power should have completed end-use load research as part of its IRP" (Staff Comments, page 9, August 30, 2002).

In the past, end-use studies have been used to identify priorities for evaluating traditional conservation programs. However, Idaho Power does not agree than an extensive end-use study is currently needed to make good resource planning decisions.

There is significant agreement among all parties that the primary contributors to the Idaho Power summer peak are residential and commercial air-conditioning and irrigation load. During the hottest periods of the summer the Idaho Power peak was nearly 3000 MW. During temperate fall days the Idaho Power Company peak load can be 1500 MW or less during the same workday hours as the summer peak. The primary difference between the 3000 MW demand on a summer peak day and the 1500 MW demand during the same hours on a temperate fall day is the reduced air conditioning and irrigation load.

For current resource planning purposes, Idaho Power Company believes that it will be more productive to focus immediate attention and programs on the major loads known to contribute to the summer peak, air conditioning and irrigation load, where there is the greatest likelihood to reduce summer peak demand.

Idaho Power Company is presently investigating demand reduction pilot programs focusing on residential air-conditioning and irrigation loads. An end-use study is not essential for developing these pilot programs.

4. PLANNING CRITERIA

The comments of the IRU, et al., are critical of the Company's decision to propose a change in its planning criteria in the preparation of the 2002 IRP. Discussion of planning criteria was a focal point for preparation of the 2002 Integrated Resource Plan. Prior to the 2000 IRP, the Company's planning criteria included a median level water assumption and an expected load forecast. It was understood and anticipated by the Company, the Commission, and the public that 50 percent of the time the Company could experience less than median stream flows and 50 percent of the time loads could be higher than forecast. The Company, the Commission, and the public recognized that if stream flows were below median or loads were higher than forecast, the Company could be dependent upon market purchases to satisfy what would otherwise be system deficiencies. Market prices traditionally had not been highly volatile and periodic market purchase reliance was viewed as wise planning.

With the events of 2000 resulting in high market prices and high market price volatility, the Company suggested at numerous public meetings that a change in planning criteria that would reduce the frequency of market purchase reliance might be a wise planning criteria change. Generally, the public agreed. In the 2002 IRP, Idaho Power has emphasized planning based upon a 70th percentile water condition and a 70th percentile loads condition. The changes to the planning criteria assume that lower than median water conditions and higher than expected load conditions are the starting point for planning additional resources. The result is a stated need for resources greater than the levels of need that would be identified under a median water condition and an expected load forecast. By acquiring resources based upon the new starting

point, Idaho Power Company will rely on market purchases less than under previous planning criteria. This was the intended goal that Idaho Power believed the Commission and the public desired.

Commission Staff's comments affirm the Company's belief that a new planning criteria emphasis on below median water and above expected load is appropriate. The jointly filed comments of the Land and Water Fund of the Rockies, Idaho Rivers United and the NW Energy Coalition, however, state that the planning criteria deserve closer scrutiny. They contend that "contingency planning" should be the "cornerstone" of the IRP and that the Company should plan for critical water and load conditions. The fact of the matter is that the Company *is* involved in "contingency planning." However the Company views contingency planning as a relatively near term process rather than a long term process. There is little value in evaluating an extreme occurrence with low probability at a point in time ten years away. It is easy to criticize the Company for not being prepared for the market price spikes that occurred in 2000; however, the fact of the matter is that no one anticipated such volatile market price movements. Reliance on market purchases as a contingency was a reasonable and time-tested planning consideration. Times have changed and alternatives to market purchases to deal with extreme conditions are worth additional evaluation, but the Company believes that changing the nature of the IRP from a long term planning document to a contingency evaluation document is inappropriate.

5. ALTERNATIVE RATE STRUCTURES

It was suggested by several commenters that Idaho Power evaluate alternative rate structures that might modify customer consumption thus reducing the Company's need to acquire additional resources. The primary alternative rate structure discussed has been time-of-use pricing. Idaho Power submitted its report to the Commission regarding the viability of time-of-use pricing for residential customers on September 12, 2002. The conclusion derived from the Company's study is that until an automated meter reading system is in place that allows for the economic recording and collection of customer usage by time-of-day, residential time-of-use pricing is not economically viable. Idaho Power Company believes it is only fair that any consideration of alternative rate structures be based on the recognition that alternative rate structures must not have a negative impact on the Company's earnings due to the unequal treatment of the Company's revenues and expenses impacted by load shifting. On September 24, 2002, the Commission initiated Case No. IPC-E-02-12 to provide interested parties the opportunity to comment on the Company's study. Idaho Power Company believes that Case No. IPC-E-02-12, and not this case, is the proper forum in which to consider comments regarding time-of-use pricing.

6. LOAD FORECAST

In reference to the footnote on page 4 of the Staff Comments, Idaho Power agrees that the household growth rate in Idaho should be slightly below 2.0% from 2001 to 2011. In addition, we agree that the household growth rate in Idaho reported on page nine of the 2002 IRP should be reported as 2.0% versus the 2.1%

shown. However, the growth rate reported should be calculated over the planning period 2002-2011.

More important than the number of Idaho households is the number of Idaho Power service area households. However, Idaho Power service area household figures are not currently published in the 2002 Economic Forecast and the figures were provided separately. The number of residential customers is forecast using a regression model where the number of residential customers is a function of the number of households in the Idaho Power service territory. The regression model results in a residential customer growth rate slightly higher than the growth rate in the number of service area households.

The table below reports the growth rates for Idaho households, Idaho Power service area households, the number of residential customers, and residential electricity sales. Growth rates are calculated over the 2002-2011 planning period of this IRP and again over the period 2001-2011 for comparison.

Year	Number of Households for Idaho	Number of Households For IPCo Service Area	Number of IPCo Residential Customers	Residential Sales (in megawatthours)
2001	479,450	303,372	331,009	4,340,551
2002	489,840	311,074	339,544	4,366,202
2003	499,960	318,340	347,872	4,415,667
2004	510,670	325,771	356,305	4,645,394
2005	521,270	333,516	365,008	4,914,555
2006	532,180	341,060	373,580	5,016,564
2007	542,760	348,489	382,040	5,118,487
2008	553,450	356,101	390,641	5,203,432
2009	563,330	363,747	399,298	5,277,435
2010	573,270	371,346	407,951	5,338,432
2011	583,590	379,226	416,829	5,401,236
Growth Rates				
2001-2011	1.99%	2.26%	2.33%	2.21%
2002-2011*	1.96%	2.23%	2.30%	2.39%

*Planning period is 2002 through 2011

Electricity demand varies inversely with electricity prices and the large temporary rate increases in effect since May 2001 have resulted in lower electricity sales to our residential customers. The lower residential sales divided by the number of residential customers results in a drop in use per residential customer in 2001, 2002, and 2003. Although use per residential customer is declining on an annual basis, residential use per customer does not decline in all months. The summer months of June, July, and August continue to show increasing use per residential customer.

The low use per customer in 2001, 2002, and 2003 will impact any growth rate calculations. Careful interpretation is required when using linear trend forecasts because the growth rate calculations only use a beginning year data point and an end year data point and ignore any data that falls between the two. Utilizing data points that

are unusually low such as occur in years 2001, 2002, or 2003 in the growth rate calculations may result in invalid conclusions.

Once electricity prices return to closer to historically normal levels, Idaho Power expects residential use per customer to increase for a time before stabilizing and returning to the slow pattern of downward descent on an annual basis. It is difficult to measure exactly to what level use per customer will eventually recover. The electricity price increase was only temporary and consumers may have only adjusted their consumption patterns in the short term. Electricity sales are a function of price and electricity prices are assumed to return to base rates -- the same prices customers paid three or four years ago. In real terms, electricity prices continue downward. What has become evident is the fact that a significant permanent rate increase would slow the rate of sales growth dramatically.

7. SHOSHONE FALLS

As noted in Staff's comments, Idaho Power identified the Shoshone Falls Project expansion as a generation opportunity as early as the 1989 IRP. For various reasons the Shoshone Falls expansion was discussed and postponed over the past 13 years. Idaho Power believes the Shoshone Falls expansion should be pursued at the present time.

Idaho Power is continually looking to economically expand the capacity and energy production at the licensed hydro projects. Idaho Power Company recognizes that good stewards of the river are continually looking for opportunities to optimize generation at existing dam locations and the Shoshone Falls expansion is

currently the lowest cost opportunity to add additional generation at the Idaho Power Company hydro facilities. The Shoshone Falls expansion is an opportunity to provide additional renewable energy.

As identified in Staff comments, there is limited capacity associated with the Shoshone Falls expansion during low water years. However, the Company continues to spill significant volumes of water over Shoshone Falls during winter and spring months, and during high water years Idaho Power Company may spill during the entire year. While the Shoshone Falls expansion would provide limited peaking capacity, Idaho Power Company projects that the increased energy generated will be at or below market rates. The detailed financial analysis cannot be finalized until FERC licensing is completed; however, the Company expects that future market prices will be higher than levelized project development costs at Shoshone Falls. In the long term, the Shoshone Falls Project is expected to reduce overall power supply costs.

Idaho Power included the Shoshone Falls expansion in the 2002 IRP as a non-deferrable project because of FERC licensing rules. If Idaho Power declines to pursue the expansion development at Shoshone Falls, the opportunity becomes available to other generation developers and Idaho Power cannot preserve the Shoshone Falls site as a future resource for our customers. The Shoshone Falls project could be developed by other entities and sold to Idaho Power under PURPA rates, or possibly sold to other utilities outside of Idaho wherever the developer can find the highest price.

Idaho Power believes expansion of the Shoshone Falls Project is prudent and in our customers' best interest as a low cost source of energy. The Company will continue to work with project stakeholders to develop a successful project.

8. MARKET PURCHASES

As noted in Staff's comments, Idaho Power Company plans to continue to utilize market purchases throughout the planning period to supplement existing and future company resources. The Company agrees with the Staff that excessive reliance on the market, especially excessive reliance on the real-time or spot market, carries excessive risk. The level of short-term market purchases identified in the 2002 IRP (100 aMW for June, July, November and December) is reduced from the level identified in the 2000 IRP.

Idaho Power Company intends to reduce the reliance on the short-term or spot market during the 2002 IRP planning period by acquiring resources, including long-term firm market purchases, from entities that own generating resources. Idaho Power is presently investigating opportunities to secure long-term firm commitments for capacity, energy, and transmission. The currently active alternatives are described in the Garnet Report discussed earlier in these reply comments. The Company will regularly update the Commission Staff on the status of the efforts to acquire these long-term contracts.

A question raised during the IRP development process concerned Idaho Power's reliance on Pacific Northwest market purchases and potential transmission constraint impacts on serving system load. For determining system deficiencies, both

the 2002 and 2000 IRP assume that all market opportunities are in the Pacific Northwest power market. The Northwest is Idaho Power's preferred market for two reasons – liquidity and price. A transmission overload across the Brownlee East transmission path during peak hours does not necessarily mean that Idaho Power will be unable to purchase power from the market to cover peak hour needs. If Idaho Power is unable to purchase from the Pacific Northwest because of transmission constraints on the Brownlee East transmission path, there are still opportunities to purchase from the northeast, east or south power markets located northeast, east or south of Idaho Power's control area. Idaho Power recognizes that there is uncertainty associated with pricing and availability of supply with real-time purchases. Typically, purchases from the east and south will be more expensive than purchases from the Pacific Northwest. However for short periods of time, markets other than the Pacific Northwest may be the most economic solution to alleviate northwest transmission constraints.

Idaho Power continues to support the use of both firm long-term and short-term market purchases in supplementing existing and future company resources. As long as the level of reliance on day-ahead and real-time market purchases are kept to an acceptable level of risk, as in the 2002 IRP, market purchases as managed by the Company's Risk Management Committee are a valuable planning tool for Idaho Power customers.

9. RENEWABLE RESOURCES

Several commenters were critical of the Company's analyses and estimates of the costs of wind resources, generally suggesting that the cost figures in the 2002 IRP were too high. Idaho Power does not dispute the fact that wind developers with detailed analysis and monitoring of specific proposed projects should have more accurate data than the more generic data Idaho Power relied on to develop its estimates of the cost of wind generation. For future IRPs Idaho Power will meet with local wind developers to gather additional site specific data. Idaho Power appreciates their willingness to assist with the information.

As noted in the 2002 IRP, Idaho Power's resource needs in the near term are primarily of a peaking nature, especially when considered under the 70th percentile water planning conditions. Since wind is considered an intermittent resource, wind generation is not Idaho Power's preferred resource to meet seasonal hourly peaking needs. There has been some discussion that Idaho Power can use wind generation to displace hydro generation, in effect storing the wind energy within the hydro system. Idaho Power Company developed the 2002 Integrated Resource Plan assuming that the hydro system's peaking capacity was fully used and it is unlikely that a wind resource will significantly increase the peaking capacity of the hydro system given the present physical and operating restrictions. If a wind site is developed, Idaho Power will still be required to provide peaking capacity to serve customer loads in case the wind isn't blowing during those hours.

Additionally, Idaho Power received comments in reference to the pilot wind project mentioned in both the draft and final versions of the 2002 IRP. In general,

the comments suggested that since wind generation was a mature technology there was no need for a pilot project, and secondly, that a small pilot project would be too expensive and consequently a waste of money. Idaho Power agrees with these comments. After reviewing the comments regarding the Draft 2002 IRP, Idaho Power decided to remove the pilot wind project from the 2002 IRP for the reasons cited in the comments. Unfortunately, the reference to a pilot wind project on page 45 was not removed. We regret the error and the associated confusion.

The IRP states that Idaho Power anticipates adding a utility scale (50-100 MW) wind project within the service territory at some time and this is still the case. However, considering the seasonal and peak nature of Idaho Power's near-term projected deficiencies, Idaho Power does not believe that a wind project is the appropriate resource to address near-term projected deficiencies.

Idaho Power agrees that wind generation will reduce the fuel related volatility associated with its resource mix. However, a properly structured power purchase agreement will also reduce the fuel-related volatility. Recent forward prices for flat (Heavy-Load and Light-Load) firm power (with liquidated damages for non-performance) for 2003 through 2007 indicate power prices around $35 per MWh. The price for an equivalent product delivered to Idaho Power's Borah substation would most likely add up to four dollars per MWh making the delivered power price approximately $40 per MWh. Either a market purchase or a wind resource can reduce fuel volatility. However a wind generation option provides an intermittent generation resource whereas the power purchase agreement provides firm power.

One major difference between wind generation and a market purchase is that the wind generator is assumed to be internal to Idaho Power's control area whereas the market purchase is not. Any generation produced during peak hours by a wind generator located inside the Idaho Power control area and East of the Brownlee East transmission constraint will reduce the need to import power from the Pacific Northwest, thereby reducing the likelihood of encountering transmission constraints from the Pacific Northwest. However, wind generation is an intermittent resource whereas a market purchase agreement provides firm power.

The Company has developed a mechanism, the Green Power Program, whereby customer demand for green energy, such as wind, can be fostered. It is designed to provide a voluntary choice for customers who wish to support new, renewable resources. The Green Power Program is a crucial first step in the assessment of customers' interest in supporting a more expensive, renewable resource and provides immediately access to those Northwest resources. At present Idaho Power has approximately 1,600 customers participating in the Green Power program, requiring about 1 aMW to serve.

While the economics of wind generation are steadily improving, the decision to incorporate the higher-cost wind generation is primarily a societal and political one. Idaho Power certainly supports renewable energy and will incorporate wind generation in its portfolio as the Idaho Public Utilities Commission authorizes its inclusion for ratemaking purposes.

CONCLUSION

In a Motion filed contemporaneously with these Reply Comments, Idaho Power has requested that the Commission take administrative notice of the Garnet Report in making its final determination as to whether or not it will acknowledge the Company's 2002 IRP. Copies of the Garnet Report (redacted version) have been furnished to the interested parties in this case.

Idaho Power is hopeful, with the receipt by the Commission of the 2002 IRP as supplemented by the Garnet Report and the comments of the parties in this case, that the Commission can expeditiously determine that it will acknowledge the Company's 2002 IRP.

Respectfully submitted this 30th day of October 2002.

/s/

BARTON L. KLINE
Attorney for Idaho Power Company

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 30th day of October, 2002, I served a true and correct copy of the within and foregoing REPLY COMMENTS OF IDAHO POWER COMPANY upon the following named interested persons/commenters by the method indicated below, and addressed to the following:

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/s/

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